瑞安建業有限公司
SHUI ON CONSTRUCTION AND MATERIALS LIMITED
(Incorporated in Bermuda with Limited Liability)

FOR IMMEDIATE RELEASE

SOCAM Announces HK$60 Million Profit after HK$230 Million Non-cash Charges on Convertible Bonds for First Half of 2007

Hong Kong, 13 September 2007

Interim financial highlights

- **Turnover – HK$1,413 million**
- **Profit before non-cash charges on convertible bonds issued – HK$290 million**
- **Profit attributable to equity holders of the Company – HK$60 million**
- **Gain of HK$164 million in reserves resulting from the rise in share price of Shui On Land**
- **Basic earnings per share – HK$0.21**
- **Interim dividend – HK$0.15 per share**

Shui On Construction And Materials Limited ("SOCAM", stock code: 983) today announced that its turnover for the six months ended 30 June 2007 was HK$1,413 million, an increase of 67.6% compared with HK$843 million for the previous interim reporting period, which ran from 1 April 2006 to 30 September 2006 – prior to the Group's change of its financial year end date.

Unaudited consolidated profit after taxation and minority interests was HK$60 million, compared with a profit of HK$491 million in the interim period last year, which saw HK$534 million profit from the fair valuation of the preference shares in Shui On Land (SOL) held by the Group as a result of the initial public offering of SOL. The results of the current interim period have been adversely affected by the Group having to recognise non-cash charges of HK$230 million in relation to the convertible bonds issued by the Company in 2006, largely due to the considerable rise in the Company's share price. Basic earnings per share were HK$0.21, compared with HK$1.78 for the last interim period.

The Directors recommended the payment of an interim dividend of HK$0.15 per share to shareholders, compared with HK$0.18 for the same period last year.

During the period, SOCAM made important progress in its various businesses. SOCAM reaped a total gain of HK$417 million from an injection of 5 distressed property development projects into China Central Properties.

The Group's other businesses including the Lafarge Shui On Cement joint venture, construction operations in Hong Kong and Macau, and the Group's portfolio of venture capital investments performed well. The Group also formed a strategic partnership with

Shui On Land and Yida Group to participate in the development of Dalian Software Park Phase II.

In August, the Group recognised a gain of HK$930 million on the disposal of approximately 5.27% of the issued share capital of Shui On Land, including the realisation of about HK$824 million gain previously included in reserves.

Distressed property development spin-off brought substantial gains

A major event was the Group's injection of its 5 distressed property development projects into China Central Properties (CCP) in exchange for CCP shares upon their admission to the London Stock Exchange's AIM in June. The Group recognised from this injection a total gain of HK$417 million compared with its initial investment costs, of which HK$73 million was deferred at the period end.

Following the admission to AIM, CCP appointed SOCAM Asset Management (SAM), a wholly-owned subsidiary of SOCAM, as its investment manager, to undertake the management of CCP's property projects and any future investments.

In July, CCP made further investments and acquired Ruiqi Building in Chongqing and Central Plaza in Shenyang. By the end of August, CCP had a property portfolio of 8 projects in six major cities with a total GFA in excess of 800,000 square metres.

Strategic partnership formed for Dalian Software Park Phase II

In Dalian, an agreement was signed among SOCAM, Shui On Land and Yida Group, an experienced developer in Northern China, to form a joint venture for the development of Dalian Software Park Phase II. This large-scale, multi-faceted project comprising approximately 3.6 million square metres aims to serve the emerging Information Technology and Business Process Outsourcing industries in Dalian. SOCAM invested HK$508 million and took a 22% equity interest in the project.

Lafarge Shui On Cement (LSOC) reported profit

The operations in the LSOC joint venture posted a profit due to increased sales volumes and pricing, with 7.8 million tonnes of cement sold in the first half of the year. Already Southwest China's leading cement producer, LSOC embarked on an aggressive capacity-expansion programme which included the commissioning of the second line in Dujiangyan and the successful acquisition of the Shuangma plants upon receipt of the final approval from the relevant authority. The latter increased LSOC's capacity in Sichuan to 7 million tonnes per annum.

At the end of June, LSOC's total production capacity was 23 million tonnes per annum. It plans to build two dry kilns each with a capacity of 5,000 tonnes per day in Chongqing, and two dry kilns each with a capacity of 2,500 tonnes per day in Guizhou.

Guizhou Cement recorded steady profit

The six cement plants in Guizhou retained by SOCAM produced steady profits on a total sales volume of 740,000 tonnes for the first half of this year. Cement production, sales and prices were all higher than for the same period last year.

Venture capital investments delivered satisfactory performance

The Group's portfolio of venture capital investments enjoyed steady performance. The 3 venture capital investment funds are by now fully invested.

Listings and other fund-raising initiatives are expected to bring improved returns from the Group's venture capital investments.

Shui On Land shareholding enhanced the Group's financial strength

With the rise in the share price of Shui On Land, the Group recognised, directly in reserves, a further HK$164 million increase in the fair value of its shareholding in this company. The Group's 17.84% shareholding of SOL was valued at approximately HK$5.23 billion at the end of June.

In August, the Group disposed of approximately 5.27% of the issued share capital of SOL to Shui On Investment Company Limited for HK$1.8 billion, at a price of HK$8.1664 per share, and recognised a gain on disposal, net of transaction costs, of HK$930 million, including the realisation of HK$824 million gain previously included in reserves. The proceeds received from the disposal have been used by the Group for working capital and bank borrowings repayments. The Group retains 12.57% interest in SOL.

Construction in Hong Kong and Macau enjoyed steady business

Despite cost pressures reflecting keen demand for materials, labour and specialist technical staff, both Shui On Building Contractors and Shui On Construction saw steady business in the first half year. Including Pat Davie, the division reported a total turnover of HK$1,400 million and HK$1,849 million new contracts were won.

Shui On Building Contractors and Shui On Construction secured a number of new contracts, including two maintenance contacts at approximately HK$105 million and HK$270 million from the Hong Kong Housing Authority and the Architectural Services Department respectively. Shui On Construction was awarded a major design-and-build project by the Architectural Services Department valued at approximately HK$1.1 billion to build the Customs Headquarters Building.

Pat Davie continued to secure projects in both Hong Kong and Macau. Turnover in Macau, which amounted to HK$220 million, accounted for 70% of the total turnover of this company.

- End -

About Shui On Construction and Materials Limited (SOCAM)

SOCAM (HKSE 983) was listed on the Hong Kong Stock Exchange in 1997, and is principally engaged in asset management, construction, cement and venture capital investment, with a 12.57% shareholding in Shui On Land.

For further information, please contact:

Ms. Vanessa Wo
Te1: (852) 2398 4725
Fax: (852) 2622 8502
Email:socamcc@shuion.com.hk

瑞安建業有限公司
SHUI ON CONSTRUCTION AND MATERIALS LIMITED
(Incorporated in Bermuda with Limited Liability)

Shui On Construction and Materials Limited
Summary of Financial Results
For the Six Months Ended 30 June 2007

	Six months ended	
	30 Jun 2007 HK$ Million	**30 Sep 2006 HK$ Million**
Construction	34	24
Mainland cement operations		
Lafarge Shui On Cement	40	2
Guizhou	2	4
	42	6
Property development investment – Shui On Land	45	619
Venture capital investments	24	(12)
Distressed property development	294	32
Distressed property development – China Central Properties	(5)	-
Finance costs	(93)	(88)
Overheads and others	(42)	(46)
Tax	(6)	(6)
Minority interests	(3)	(1)
Profit before non-cash charges on convertible bonds issued	**290**	**528**
Convertible bonds		
Fair value increase on embedded derivative	(182)	(21)
Imputed interest expense	(48)	(16)
	(230)	(37)
Profit attributable to equity holders of the Company	**60**	**491**

Remarks:

1. SOCAM injected distressed property development projects into China Central Properties, and recognised a total gain of HK$417 million, of which HK$73 million was deferred at the period end.
2. With the rise in the share price of Shui On Land, the Group recognised, directly in reserves, a further HK$164 million increase in the fair value of its shareholding in this company during the interim period.
3. In August 2007, the Group disposed of approximately 5.27% of the issued share capital of Shui On Land to Shui On Private Group for HK$1.8 billion, and recognised a gain on disposal, net of transaction costs, of HK$930 million, including the realisation of HK$824 million gain previously included in reserves.